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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 4866
RUEHBJ/AMEMBASSY BEIJING 2636
RUEHKO/AMEMBASSY TOKYO 2501
RUEHIT/AMCONSUL ISTANBUL 3110
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEHNSC/NSC WASHDC
RHMFISS/CDR USCENCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 3346

C O N F I D E N T I A L ASHGABAT 000268

SIPDIS

STATE FOR SCA/CEN, EEB

E.O. 12958: DECL: 02/27/2019

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SUBJECT: TURKMENISTAN: CASE NEW HOLLAND DISCUSSES
DIFFICULTIES OF CONCLUDING CONTRACTS

REF: ASHGABAT 179

Classified By: Charge Richard Miles, reasons 1.4 (B) and (D).

11. (C) Case New Holland's Business Director for Central Asia, Tom Davies (please protect), said in a meeting on February 10 that the company is planning to open a representative office in Ashgabat this year. He also confirmed that the contract decision-making process is taking longer and longer due to Turkmenistan's interagency approval procedures. A recent deal for 300 tractors and \$6.5 million on spare parts was in progress for over a year. As is often the case with international heavy equipment manufacturers selling to Turkmenistan, Case New Holland is very nervous that the company won't be able to deliver the order when Turkmenistan wants it. (NOTE: Turkmen agencies are notorious for dragging contract negotiations out and for waiting until the last possible moment to conclude contracts. END NOTE.) Davies also said that the Ministry of Finance and the Prosecutor General's office are new additions to the list of agencies that must approve contracts, adding that this initiative stems from the President's determination to get control over the government budget.

12. (C) According to Davies, following Berdimuhamedov's meeting with Case New Holland's CEO for International Operations, Franco Fusignani, in New York in September 2007, Berdimuhamedov's staff insisted that the President would only meet "with the guy he met with in New York" when the company was trying to conclude a deal in July 2008. In addition to trying to conclude a deal for \$13 million in spare parts for which the President has already issued a decree, Case New Holland is trying to get clarity on its planned participation in the new agriculture training facility in Dashoguz by supplying equipment for a Case-branded training room, which Fusignani and the President also discussed. Case New Holland is hammering out the details as best it can, but this is not easy because it is not obvious or easy to find out which ministry or higher education institution is in charge of the facility, because Deputy Chairman for Agriculture and Water Management Myratgeldi Akmammedov has not agreed to a meeting with Davies.

13. (C) COMMENT: Part of Davies's frustration emanates from

the unnatural relationship Case New Holland is forced to be in with its Austrian representative IPC Agro -- which also represents major competitor John Deere. In fact, Davies confided that he is not sure that IPC Agro is sharing all information equally between the two companies and may be favoring John Deere, in particular regarding the Dashoguz training facility, which is important because contributions to capacity building send a strong signal to the Turkmen. On the bright side, Davies said that the Uzbek Embassy might have been interested in Case New Holland equipment (reftel) because Uzbekistan is looking to export Uzbek-produced Case New Holland equipment to Turkmenistan, which the company supports. END COMMENT.
MILES